

REQUEST FOR COUNCIL ACTION

SUBJECT: Adoption of a resolution stating the City's intent to pursue modifications to the state's regulations regarding the process for locating a new automobile dealership.

SUMMARY: The proposed resolution declares the City's intent to seek the repeal or modification of the State of Utah's New Automobile Franchise Act.

**FISCAL
IMPACT:** There is no fiscal impact associated with the passage of the proposed resolution.

STAFF RECOMMENDATION:

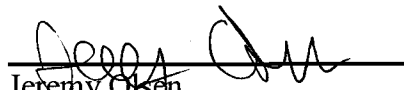
Staff recommends approval of the resolution.

MOTION RECOMMENDED:

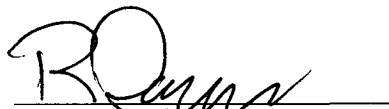
"I move to approve the resolution calling for the repeal or modification of the State of Utah's New Automobile Franchise Act of 1991."

Roll Call vote required

Prepared by:


Jeremy Olsen
Assistant to the City Manager

Recommended by:


Rick Davis
City Manager

BACKGROUND DISCUSSION:

The New Automobile Franchise Act, as codified in Title 13 Chapter 14 of Utah State Code, requires any potential franchisee to notify the Utah Department of Commerce and any same line-make dealers within a fifteen mile radius of its intent to locate a dealership within the State of Utah. It also requires notification of intent to terminate or relocate a franchise dealership selling new motor vehicles.

If any existing franchisees within the market area protest the franchisor's proposed action, the department is required to hold a hearing in order to determine whether the potential business owner will be allowed to proceed. A hearing is held by a Utah Motor Vehicle Franchise Advisory Board, an advisory body composed of 14 members, which can include between six and nine new car dealers, who forward a recommendation to the Director of the Department of Commerce, who will then rule whether to grant permission for the dealership to continue.

The proposed resolution seeks to remove this process from state law, instead seeking to allow operation of a free market, unimpeded from state governmental regulation and bureaucracy.

THE CITY OF WEST JORDAN, UTAH

A Municipal Corporation

RESOLUTION 14-134

A RESOLUTION CALLING FOR THE REPEAL OR MODIFICATION OF THE NEW AUTOMOBILE FRANCHISE ACT OF 1991

WHEREAS, the New Automobile Franchise Act, as articulated in Title 13 Chapter 14 of Utah Code, imposes specific conditions and stipulations related to the establishment of new automobile dealerships within the State of Utah, and

WHEREAS, this law requires any party interested in establishing or expanding a new car dealership, within a 15 mile radius of an existing new car dealership, to obtain state and competitor approval prior to opening and operating such an enterprise, and

WHEREAS, this law violates the principles and spirit of the free market and imposes a *de facto* ban on new car dealerships on the West side of the Salt Lake Valley and in other locations throughout the state, and

WHEREAS, it is the city's position that it is inappropriate for the State of Utah to involve itself in the violation of these free market principles by legislatively imposing protectionism of this sector of our economy, and

WHEREAS, the Governor has requested cities and towns throughout the State to review their own business regulatory practices and eliminate impediments to economic growth, and

WHEREAS, as long as this law stands, the State will be unable to legitimately claim the character and virtues of being business friendly and economically progressive,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WEST JORDAN, UTAH, THAT:

Section 1. We call upon the Utah State Legislature to eliminate or significantly amend the New Automobile Franchise Act as articulated in Title 13 Chapter 14 of the Utah Code.

Section 2. We call upon both those legislators who represent any portion of our City, and indeed all legislators, to support the repeal or significant amendment of this law.

Section 3. We likewise call upon the Governor of our great state to support the repeal or significant amendment of the New Automobile Franchise Act.

Adopted by the City Council of West Jordan, Utah this 30th Day of July 2014.

Mayor Kim V. Rolfe

ATTEST:

Melanie S. Briggs, MMC

City Clerk

Voting by the City Council:

"AYE"

"NAY"

Jeff Haaga

Judy Hansen

Chris McConnehey

Chad Nichols

Ben Southworth

Justin D. Stoker

Mayor Kim V. Rolfe
